

TELLURIDE STATE OF THE TOWN ADDRESS

January 5, 2010

Stu Fraser-Mayor

As Telluride looks forward to a new decade it is important to celebrate our achievements, as well as look forward to the work ahead. We all know that 2009 was a challenging year, but despite the upheaval in our financial world, the town continued to get things done. A new water line was installed under Colorado Avenue as a result of a state grant. Despite a number of problems, the Entrada affordable housing project joined the inventory of other deed restricted properties. A management plan for the Valley Floor was created and the Valley Floor was put under conservation easement. The town continued to work with its partners in The New Community Coalition, the Town of Mountain Village and San Miguel County on various environmental and alternative energy development programs. Along with our local regional partners we have begun working with Ophir, Rico, Norwood, Ridgway, Ouray, USFS, Governor's Energy Office and the San Miguel Power Association on projects that range from housing, to renewable energy and transportation.

Although we had many successes, the national recession and the collapse of the local real estate market was devastating to the town budget. As the town implemented its recession plan, more than \$6 million was removed from the town's budget. In addition to the cancelation of many capital projects, the town reduced its work force by 8 fulltime positions and many part time and seasonal positions. While the recession has been difficult for both the public and private sectors, we have learned a great deal about working smarter and getting by with less.

As we look to 2010 and the new decade Telluride faces many challenges. In the near term, the reduced budget threatens the levels of certain governmental services, such as cutting back on CCAASE grants, bus service, snow removal and TNCC funding. There are many other line items that have been reduced and each of us will be affected in some way by these cuts. It may be many years before the town again sees the revenue levels of 2006 and 2007. However, with these challenges comes opportunity...opportunities to find new ways of doing business, new ways of providing energy, and re-inventing our visitor based economy. Telluride has an opportunity to become a new and unique destination in the otherwise cookie-cutter world of mountain resorts. Telluride has an opportunity to focus on preserving its past while creating a model community for alternative energy development and environmental self-sufficiency.

As the traveling public tightens its spending of discretionary income, it will be even more important for Telluride to overcome its isolation - Telluride needs to be a place where people want to come and we need to make it worth their while once they are here. We need to make it easier to get here through efficient and cost effective air service. Customer service costs nothing and we need to put our best customer service skills on the front lines. It costs nothing to keep the town clean and friendly. WE need to build on the success of the recent World Cup Snow Board competition and reach out to our international customers.

The Town Council recently met to review previously established goals and objectives. At the top of the list is a strong environmental program combined with economic development and maintaining the historic fabric of the community. While these may seem to be opposing objectives, we are committed to finding ways to maintain a healthy economy without losing our ties to the historic mining industry. Annexing the Valley Floor and other parcels of open space has become a top priority for the council and that process has already started. We continue to work to overcome the obstacles with the Idarado Mining Company to construct the Pandora Water Treatment plant to insure the future of the town's water supply. Finally, the town remains committed to the development of new affordable housing opportunities through the new Gold Run project, and we continue to seek new partnerships and opportunities for the development of affordable housing.

When one goes through Telluride in the evenings or on weekends you get the impression there are many visitors in our town. The Tuesday evening before Christmas gave the appearance of a full house. Restaurants were overflowing, cars lined the streets and people were visiting open stores. When I stood on the Courthouse steps on New Year's Eve, I looked out over a sea of happy faces. Even with all of this it's obvious we are clearly still in the throes of an economic upheaval. When visiting retail establishments, the sales reports were mixed. The economy may have hit bottom but we probably all can agree there does not appear to be a solid foundation in place.

Real Estate Transfer Tax seems to have some life in it and Sales Tax, although still down, is not down as far as some other Mountain Resort communities. Some businesses are relocating into smaller spaces and several new businesses are coming in. Overall, it appears there is a restructuring of our economy. We are going in the direction of establishing a stronger visitor-based economy while hoping that real estate comes back, with infill development and new projects.

Much has been said about real estate and the importance of it to Telluride. I would like to focus not on the term real estate, but rather on those individuals and companies that continue to come to Telluride and provide so much positive support. They have embraced our non-profits, the purchase of the Valley Floor and they are people who come here and support our community and the values we all share. Virtually every one of us came here from some other place. Those born here, who are still here, are the core of the community and have been here for decades. The rest of us are newcomers, regardless of how long we have been here. Ginny and I are newcomers, even though we have been here close to 20 years. There are those who came here in the 70's. They obviously have been here longer, but nevertheless are still newcomers. We have all bought homes here, or have attempted to buy here and each one of us believes that we know the true value of Telluride. For me, those who are newcomers, carry as much value to the future of our community as those born here.

We have grown used to Real Estate Transfer Tax. Some even blame it and those who sell real estate as the core of the problem related to our challenged economy. I disagree. Without all of us, our school system would not be as vital, our affordable housing not as important, our economy not as varied, our non-profits not as diverse and our ski area not as dynamic. Each one of us plays into the future of our community. Some who want town to be the same as in the 70's are frustrated because the town has grown up around them and in some cases in spite of them. Those who arrived later on see Telluride as the answer to their dreams and aspirations. They are no different than those who arrived earlier. Telluride is an exceptional community. We are all fortunate to have shared time here. We should welcome all who come here, not just for the financial support they bring, but for the vitality they bring to our economy, our boards, commissions and elected offices. Without newcomers, many of our dreams would not have been achieved. For those who have invested in us, we should thank them for their shared foresight. How would we have succeeded with the Valley Floor acquisition, if not for those 1700 donors, many of whom were second home owners and visitors? We are indebted to everyone who has made the commitment to live and visit this very special place. Every part of our economic mosaic is important to the future of Telluride.

As we start this new decade we will all share in the challenges and successes. We will see new families and friends join us. We will also see the transition of those who choose to leave. Through all of this, Telluride will continue to grow with a vision of resiliency in environmental, social and economic concerns. It is my hope that we will continue to work together for common goals, while looking at the long term future of this beautiful place that all of us call our home.

Thank you for letting those of us who have been on council and those who are new to council, serve you and the Town of Telluride. It is our honor and privilege. I am exceedingly proud to be the Mayor of this very special community.